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In the Supreme Court
OF THE
United States

OCTOBER TERM, 1947

No. 310

J. H. BELL,
Petitioner,

vs.

HUBERT B. SCUDDER, as Real Estate Commissioner of the State of California,
Respondent.

PETITION FOR WRIT OF CERTIORARI to the District Court of Appeal of the State of California, Third Appellate District and BRIEF IN SUPPORT THEREOF.

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Subject Index

	Page
Petition for writ of certiorari	1
The opinion under review	2
Jurisdiction	3
The time and manner of raising the federal question	4
The federal question	4
Brief in support of petition for writ of certiorari	5

Table of Authorities Cited

Cases

	Page
Hicks v. Wilson, 197 Cal. 269	6
Hutton v. Sherrard (Mich. 1914), 150 N. W. 135, L.R.A. 1915E, 976	7
Keck v. Wingert, 132 Cal. App. 475	6
Laisne v. California State Board of Optometry (1942), 19 Cal. (2d) 831	5
Lynnott v. Shaughnessy (Idaho, 1885), 7 Pac. 82	7
Patterson v. Torrey, 18 Cal. App. 346	6
Robinson v. Easton, Eldridge & Co., 93 Cal. 80	8
Slusher v. Moore (Ken. 1924), 258 S. W. 946	8
Taylor v. Ward (Mich. 1933), 249 N. W. 473	9
Winkler v. Meyering Land Co. (Mich. 1934), 254 N. W. 226	9

Statutes

Stats. (Cal.) 1937, p. 2124	2
28 U.S.C.A. 344, Par. (b)	3

Texts

Annotation in L.R.A. 1915E, 976	7
12 C. J. S. 105	9
4 Ruling Case Law 248, Note 4	6

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PETITION FOR WRIT OF CERTIORARI
to the District Court of Appeal of the State of California, Third Appellate District.

To the Honorable Fred W. Vinson, Chief Justice of the Supreme Court of the United States, and to the Honorable Associate Justices of the Supreme Court of the United States:

Petitioner prays that a writ of certiorari issue to review the decision (Rec. 137) of the District Court of Appeal of the State of California in the case entitled *"J. H. Bell, Petitioner and Appellant vs. Hubert B. Scudder, as Real Estate Commissioner of the State of California, Respondent."*

In this cause, your petitioner sought a writ of mandate to compel the issuance to him of an annual license under the terms of the California statute regulating the business of real estate brokers.

Stats. (Cal.) 1937, p. 2124.

That statute contains a provision that the license issued to a real estate broker may be suspended for fraud or dishonest dealing. In this instance, the Real Estate Commissioner adopted the somewhat novel procedure of providing for the issuance to the petitioner of his annual license, but postponing the effective date for a period of sixty days. In essence, the petitioner was deprived of the right lawfully to do business for this period of sixty days.

The ground of the order of the Real Estate Commissioner was that the petitioner had been guilty of dishonest conduct in a certain transaction by which the petitioner acquired title to a parcel of realty from persons referred to in the record as "the Kings", disposing of it, at a profit, to persons referred to in the record as "The Fritcheys".

The transcript of the hearing before the Real Estate Commissioner of the State of California was introduced in evidence on the trial of the petition for writ of mandate and constitutes the bulk of the present record.

THE OPINION UNDER REVIEW.

The decision of the District Court of Appeal affirms the order of the Trial Court in denial of the petition for writ of mandate. This is done solely upon the

ground that a certain letter written by the Kings, the owners, to the effect that they would take $8500 "net to us" was a renewal of a pre-existing agency in favor of the petitioner to sell their property.

The District Court of Appeal recognizes that the previous listing of the property had been cancelled by a letter from the Kings to petitioner. The decision is based solely upon the theory that the contract naming a price which the owners would take "net to us" was a recognition and renewal of the agency. This theory is wholly without merit. With unanimity, the cases hold that such an arrangement does not establish an agency.

JURISDICTION.

The jurisdiction of this Court is invoked under that section of the Judicial Code,

28 *U.S.C.A.* 344, Par. (b),

which reads, in part, as follows:

> "It shall be competent for the Supreme Court, by certiorari, to require that there be certified to it for review and determination, with the same power and authority and with like effect as if brought up by writ of error, any cause wherein a final judgment or decree has been rendered or passed by the highest court of a state in which a decision could be had where any title, right, privilege, or immunity is specially set up or claimed by either party under the Constitution * * *."

The Supreme Court, the court of highest resort in California, denied a hearing of this case. (Rec. p. 145).

THE FEDERAL QUESTION.

Your petitioner asserts that he has been deprived of property without due process of law. As is recognized in the opinion of the District Court of Appeal, your petitioner has been engaged in business as a real estate broker for a period of twenty-five years. As will be demonstrated by the accompanying brief, his right to engage in such business is a vested property right protected by the provisions of the Fourteenth Amendment to the Constitution of the United States.

The grounds upon which the District Court of Appeal has affirmed the deprivation of license for this period of time are so definitely at variance from established law, and are so unsubstantial as to amount to the taking of petitioner's property without due process of law.

THE TIME AND MANNER OF RAISING THE FEDERAL QUESTION.

The federal question was raised in the petitioner's opening brief, as an appellant before the District Court of Appeal. (Rec. p. 146). It was again raised in the petittion for hearing before the Supreme Court of California. (Rec. p. 147).

Wherefore, petitioner prays that a writ of certiorari be issued out of this Court, directed to the District Court of Appeal of the State of California, Third Appellate District, for a review of said cause.

Dated, San Francisco, California,
August 26, 1947.

STERLING CARR,
Counsel for Petitioner.

In the Supreme Court
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OCTOBER TERM, 1947

No.

J. H. BELL,
Petitioner,

vs.

HUBERT B. SCUDDER, as Real Estate Commissioner of the State of California,
Respondent.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

The right of the petitioner to engage in business as a real estate broker is a property right which is entitled to protection under the Fourteenth Amendment.

Laisne v. California State Board of Optometry (1942), 19 Cal. (2d) 831, 835.

The attempt here is to deprive the petitioner of the right to engage in business based upon alleged dishonesty in a transaction wholly unrelated to his activ-

ity as a real estate broker. If the statute is thus applied, the effect is to render it unconstitutional in this one connection.

Moreover, the petitioner's conduct could not possibly be deemed dishonest when its legality is affirmed by all of the authorities on the subject.

The controlling doctrine precluding the existence of an agency here is well expressed in

Patterson v. Torrey, 18 Cal. App. 346

where the Court ruled (bottom of p. 348):

> "The naked act of an owner of real estate in fixing a price at which he is willing to sell or exchange the same, given in writing at the request of a broker, does not constitute an employment of such broker by the owner, or bind him to pay the broker a commission for making a sale of the property."

The telegram coming to the attention of the petitioner, in which the Kings offered to take $8,500.00 for the property, amounted to no more than this.

4 *Ruling Case Law* 248, Note 4:

> "The mere asking and receiving the price of property, however, is not of itself sufficient to establish the employment of a broker * * *"

In accord:

Hicks v. Wilson, 197 Cal. 269, 273 (top).

In

Keck v. Wingert, 132 Cal. App. 475,

an option to lease was executed, but it was nevertheless contended that the optionee was acting as a broker. The upper Court said (at p. 485):

> "There is no ambiguity in the option last referred to, or in any of them, and no room for interpretation of terms or meaning; and we know of no principle that permits one who has executed a document which is clear on its face, with a knowledge of what it means, to set it at naught on such evidence as appears in the record in this case."

The rule is generally recognized that where a broker is to procure a price which is net to the seller, *he may deal with the property individually and buy on his own account.*

A leading case upon this subject is

Hutton v. Sherrard (Mich. 1914), 150 N. W. 135, L.R.A. 1915 E, 976

where the Court ruled that under a "net" arrangement of this character the broker was free to buy on his own account, since all the principal exacted was a certain minimum sum.

The decision cites and relies upon

Lynnott v. Shaughnessy (Idaho, 1885), 7 Pac. 82

where a similar holding was made.

In the

Annotation in L.R.A. 1915 E, 976,

the above two cases are reviewed with the comment (p. 977, middle of column 1) that they "would seem to be based on sound principle, as in such a case there is no conflict between the broker's own interests and his duty to the owner."

We, therefore, state that even if Bell's authority had not been cancelled, he would have been free to

acquire the property on his own account under the form of contract here present.

In the Annotation just referred to, the author reviews at length

Robinson v. Easton, Eldridge & Co., 93 Cal. 80, which bears considerable similarity to the problem at hand. There a brokerage concern was authorized to sell land "for the sum of $10,000.—net dollars" with their commission all over said sum. The controversy arose when the title company refused to insure the title and the agents returned the deposit to the prospective purchaser. The plaintiffs, the owners of the property, sued the brokerage concern for the amount of the deposit. In holding that the defendants were not liable, the Court treated the relationship created by the net contract as follows (middle of p. 82):

> "The relation thus created between them was rather that of a vendor and purchaser under a contract of sale than one of principal and agent, and a sale by the defendant thereunder was in the capacity of a vendor upon its own account, and not for the account of the plaintiffs."

That this California case is closely in line with the preceding authorities referred to is demonstrated by the treatment of the case in the annotation to which we have referred.

The following is an additional authority holding that where the authorization to sell is "net" to the buyer, the real estate broker may himself buy.

Slusher v. Moore, (Ken. 1924), 258 S.W. 946, 948, (bottom of column 1);

In

Taylor v. Ward, (Mich. 1933), 249 N.W. 473

and in

Winkler v. Meyering Land Co., (Mich. 1934), 254 N. W. 226,

it was held that where an owner provides for the receipt by him of a net sum, the broker need not disclose a purchase by himself, nor is he obligated for the profit made through such purchase.

In speaking of the general rule that a broker may not purchase for his own account without informing his principal (to which there is an exception in the instance of a "net" contract), this apt comment appears in

12 *C.J.S.* 105 (Column 1):

> "In all these cases the agency of the broker must be proved in order to invalidate the transaction and render him liable to account, and after the termination of his agency he may, the same as any other person, deal in the property of his principal * * *"

That the petitioner derived a profit through buying the property and re-selling, is not a controlling fact. If there is, in this case, no breach of fiduciary duty and no involvement by reason of a previous relationship of client and broker, the petitioner was as free to buy from the Kings as from anyone else.

Plainly, Mr. and Mrs. King knew that they were dealing with Mr. Bell at arm's length. They knew that long prior to this transaction they had expressly terminated his employment. They knew from the

very use of the word "option" that they were conferring upon Mr. Bell a right of ownership in the property, individually in himself. They knew that Mr. Bell was about to re-sell the property, for they admit that he informed them that he had a buyer.

The Kings were content to deal with Mr. Bell on a basis they would have utilized in dealing with any buyer. Naming the selling price of $8,500.00 "net", they realized that, in receiving such sum, the petitioner would have to look elsewhere for a commission or profit or any other form of compensation for service. The Kings were not even interested enough to inquire what the price was which the purchaser was paying for the property. How can it be claimed that they were technically defrauded when there was no representation whatever to them of the purchase price to be paid by the buyer from Bell?

With respect to the Fritcheys, they were aware that Bell had at a prior time possessed relationship to the other side of the contemplated sale, to the extent of formerly carrying a listing of the property. They (the Fritcheys) made an offer in a certain amount, which comprehended no commission. No commitment was made by them for the engagement of the petitioner's services. It will hereinafter be shown that whatever transpired between the petitioner and the Fritcheys fell far short of the establishment of a broker and client relationship.

Nor can it in anywise be said that the petitioner gained any advantage over the Kings by reason of his

former agency, which enabled him to obtain a profit at their expense.

The letter of April 14th, in which the price was reduced, was addressed to Mrs. Prinz. There is no proof whatsoever that it came to the attention of the petitioner, nor is there any fact or circumstance by which his knowledge may be inferred.

It is true that the activities of Mrs. Prinz might be frowned upon in seeking to obtain the property if, ultimately, she had accomplished the purchase without informing the Kings that she was personally acquiring the property. However, that purchase was not made—and this petitioner did inform the Kings, through the very use of the instrumentality of option in his own name, that he was acquiring the property, and expressly informed them that he "had a buyer".

So far as the activities of Mrs. Prinz are concerned, it is to be borne in mind that there is no principle, in this punitive proceeding, by which the knowledge of the subordinate may be attributed to the principal. *Business and Professions Code,* Section 10179.

Finally and conclusively, it is to be borne in mind that the letter to Mrs. Prinz, stating a reduction in price, was written two months after the agency had been terminated. The communication, therefore, amounts only to this: An owner, having ended an agency, announces to the former agent a reduced price which he will take "net" to himself. As presently seen, upon the basis of authority, a mere announcement, to one who is engaged in the real estate

brokerage business, by an owner of property of the amount he will take for a conveyance, does not amount to an employment of the broker. Surely, if this communication did not amount to an employment and if (as is conceded) the original employment had been cancelled, we fail to see any significance in the letter, even if we disregard the fact that it was never brought to the attention of the petitioner.

Moreover, the letter appears to have been entirely unsolicited by Mrs. Prinz, and amounts to nothing other than a voluntary naming of a purchase price by one who is anxious to sell at a stipulated "net" figure.

Does not the use of the very word "net" (embodied in this letter and in the subsequent telegram, which was Mr. Bell's first information as to the selling price), itself invite the recipient to make such arrangements as may be chosen for the compensation for services in effecting the deal? The law answers this question in the affirmative according to the authorities heretofore cited.

The position here adopted by the Real Estate Commissioner amounts to this: No person in the real estate brokerage business is permitted to have any dealing with property formerly listed with him, even though the owner knows that the broker is no longer acting as an agent, and even though the owner is expressly informed that the broker is buying on his own account, and is selling to another.

There is nothing in the law which prevents a broker from buying on his own account, provided his prin-

cipal is so informed. *A fortiori,* when the relationship of agency has ceased, there can be nothing which can be regarded as dishonest conduct from the mere circumstance that a profit on a re-sale has been obtained by way of compensation for services in bringing about the disposition of property.

Commissions are not regulated except through voluntary agreement. If the seller had signed a contract obligating the payment of a twenty-five per cent commission, or any other large proportion of the purchase price, such contract would have been valid. What difference appears, when the parties plainly contemplated that the intermediary would obtain compensation for his services through profit on a re-sale, and that the sellers would receive the stipulated "net" selling price?

It is therefore urged that the writ of certiorari prayed for in the petition be granted.

Dated, San Francisco, California,
August 26, 1947.

Respectfully submitted,
STERLING CARR,
Counsel for Petitioner.

Subject Index

	Page
I.	
Summary of proceedings	1
II.	
Correction and amplification of statement of the case	2
III.	
Opinion under review	3
IV.	
Question presented	5
V.	
Argument	5
The Supreme Court of the United States has no jurisdiction to entertain the petition for writ of certiorari	5
(a) Lack of due process is not revealed by the record	6
(b) The federal question was not set up or claimed at the hearing before respondent Commissioner or at the hearing before the Superior Court	7
(c) The state court determined the case without consideration of the federal question	7
(d) The decision of the state court turned on a non-federal question	8
(e) Petitioner failed to exhaust remedies available to him in the state courts	9
(f) There is no substantial federal question	11
(g) The question is now moot	14

Table of Authorities Cited

Cases	Pages
Abelleira v. District Court of Appeal, 17 Cal. (2d) 280, 132 A.L.R. 715	10, 11
Alexander v. State Personnel Board, 22 C. (2d) 198	10, 11
Capital Natl. Bank of Lincoln v. First Natl. Bank of Cadiz, 172 U. S. 425	7
Citizens Bank v. Board of Liquidation, 98 U. S. 140, 25 L. Ed. 144	7
Cohen v. Wright, 22 C. 293, 319	11
Copperweld Steel Co. v. Industrial Accident Commission of Ohio, 324 U. S. 780, 785	8
Dent v. West Virginia, 129 U. S. 114	13
Dewey v. Des Moines, 173 U. S. 193	7
Dominguez Land Corporation v. Daugherty, 196 C. 468, 238 Pac. 703	12
Drummey v. Board of Funeral Directors, 13 C. (2d) 75, 87 Pac. (2d) 848	12
Federal Communications Commission v. Pottsville Broadcasting Co., 309 U. S. 134, 60 S. Ct. 437, 440	11
Federal Power Commission, et al. v. Natural Pipe Line, et al., 315 U. S. 575	6
Green Bay & M. Canal Co. v. Patten Paper Co., 172 U. S. 58	7
Hall v. Scudder, 74 C. A. (2d) 433	14
Housing Authority v. Dockweiler, 14 C. (2d) 437, 94 Pac. (2d) 794	12
In the Matter of an Investigation of the Conduct of the Examination for Admission to Practice Law, 1 C. (2d) 61	11, 13
Jersey Maid Milk Products Co. v. Brock, 13 C. (2d) 620, 91 Pac. (2d) 577	12

Page

Marsh v. Nichols, 140 U. S. 344, 35 L. Ed. 413..... 7
McDonough v. Goodcell, 13 C. (2d) 741, 91 Pac. (2d) 1035, 123 A.L.R. 1205 12
Mojave River Irrigation District v. Superior Court, 202 C. 717, 729..... 9

Oxley Stave Co. v. Butler, 166 U. S. 648..... 7

Rattray v. Scudder, 28 C. (2d) 214, 164 A.L.R. 1356..... 4
Reardon v. City of Daly City, 71 C. A. (2d) 759..... 10
Rosenblatt v. State Board of Pharmacy, 69 C. A. (2d) 69 13

Southwestern Bell Telephone Co. v. Oklahoma, 303 U. S. 206, 82 Fed. 751 8

U. S. v. Superior Court, 19 C. (2d) 189..... 10

Whitney v. California, 274 U. S. 357, 71 L. Ed. 1095..... 7

Statutes

Business and Professions Code, Real Estate Act, Secs. 10150 and 10152 13

Constitution of the United States, Fourteenth Amendment 9

Judicial Code, 28 USCA 344(b) 5

Stats. (Cal.) 1943, Chap. 127 12
Stats. (Cal.) 1937, p. 2124 3
Stats. (Cal.) 1937, p. 2124; Deering's Gen. Laws 1937, Act 112 4
Stats. (Cal.) 1937, Sec. 12, p. 2124..... 5

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No. 310

J. H. BELL,
Petitioner,

vs.

HUBERT B. SCUDDER, as Real Estate Commissioner of the State of California,
Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI to the District Court of Appeal of the State of California, Third Appellate District.

I.

SUMMARY OF PROCEEDINGS.

Petitioner filed his petition for writ of certiorari with this Court to review the decision of the District Court of Appeal of the State of California, having

*Copy of printed record not served on respondent. S. C. Rule 38(3).

been denied a hearing in the Supreme Court of the State of California without opinion. The petition and brief appended thereto lend no support to petitioner's contention that he was deprived of property without due process of law. The record discloses that the federal question was not timely raised, and that no substantial federal question was set up or claimed. The record does reveal that there was an adequate non-federal ground of decision.

II.

CORRECTION AND AMPLIFICATION OF STATEMENT OF THE CASE.

The statements made in petitioner's brief (pp. 2 and 3) do not correctly describe the procedure adopted by the respondent Commissioner. Petitioner (Pet. p. 2) admits that a license to do business as a real estate broker was issued to him but contends that the "effective date was postponed for a period of sixty days".

Petitioner (Pet. p. 3) states that the sole ground for the decision of the District Court of Appeal affirming the order of the trial Court was that there was a "renewal" of a pre-existing agency.

The record shows that after due notice of hearing before the Division of Real Estate of the State of California, the Real Estate Commissioner made his order renewing petitioner's license and suspending his right to operate thereunder for a period of sixty days as a disciplinary measure for violating the trust

imposed on a real estate agent and for failure to show good moral conduct. (Stats. (Cal.) 1937, p. 2124.)

Petitioner sought a writ of mandate to compel the Real Estate Commissioner to revoke his order of suspension. The trial Court determined that the Commissioner did not exceed his jurisdiction in directing the issuance of a broker's license subject to suspension and that the evidence regarding the sale of the King property was adequate to support the Commissioner's suspension of the renewed license for sixty days. The petition was dismissed by the Superior Court of the State of California in and for the County of Sonoma, and judgment affirmed by the District Court of Appeal. The opinion of the District Court of Appeal affirming the decision of the trial Court reveals that the Appellate Court found a "continuing agency" between petitioner and the Kings, and that the conclusion drawn from the evidence showed misrepresentations and bad faith on the part of the petitioner. Hearing by the Supreme Court denied without opinion.

III.

OPINION UNDER REVIEW.

The decision of the District Court of Appeal of the State of California affirms order of the trial Court dismissing petition for writ of mandate to respondent.

The District Court found that the evidence was conflicting in respect of the good faith of the peti-

tioner in the King transaction; that both parties recognized and acted upon a continuing agency; that the evidence supports the conclusion that petitioner concealed the true facts and misrepresented material facts, and furnished ample proof of the lack of good faith which warranted the Commissioner in suspending the renewed license for sixty days and was ample to support the judgment of the trial Court and the order of the Commissioner for failure on the part of petitioner to fulfill the requirements of sec. 12 of the Real Estate Act as amended in 1937. (Stats. 1937, p. 2124, Deering's General Laws 1937, Act 112.)

The opinion of the District Court of Appeal indicates that all the cases cited by respondent (same cases relied upon in the brief filed with this Court) were distinguishable on the facts and did not support petitioner's position, and that *Rattray v. Scudder,* 28 Cal. (2d) 214, 164 A.L.R. 1356, is determinative of all the *essential issues* (emphasis ours) of this case and is sound law.

Petitioner now seeks to have this Court review the evidence adduced at the original hearing before the Real Estate Commissioner (no additional evidence was offered or taken at the hearing on the petition for writ of mandate) and make findings of fact and conclusions of law favorable to petitioner.

IV.

QUESTION PRESENTED.

A reading of the petition and the brief attached thereto indicates that the sole question presented herein and in the lower Courts, is whether on the evidence, the conduct of the petitioner was such as would subject him to discipline as provided for by the Statutes of California (1937), sec. 12, p. 2124.

The petitioner does not contend that the statute is repugnant to the Constitution of the State of California or to the Federal Constitution. The petitioner does not contend that respondent as an officer authorized to administer the statute, is without power to suspend a license for causes enumerated in the statute.

V.

ARGUMENT.

THE SUPREME COURT OF THE UNITED STATES HAS NO JURISDICTION TO ENTERTAIN THE PETITION FOR WRIT OF CERTIORARI.

Petitioner seeks to invoke the jurisdiction of this Court under Judicial Code 28 U.S.C.A. 344(b) to establish that a federal right guaranteed by the Fourteenth Amendment has been violated without first having complied with the provisions of the section.

At no time has the petitioner raised the question of the respondent to hear and determine the controversy between the parties; or that he was not

afforded a full and complete hearing before the Commissioner and the Courts below. The record is silent on the issue of lack of due process.

(a) Lack of due process is not revealed by the record.

In the proceeding against petitioner by the Real Estate Board all the rights of due process were accorded petitioner, viz.: notice, right to appear and answer charges made against him. Reporter was present and made a record of the proceedings. Petitioner was given an opportunity to present evidence and cross examine witnesses. At the conclusion respondent Commissioner made his order renewing petitioner's license and suspending the rights thereunder for sixty days.

Petitioner filed his petition for a writ of mandate in the Superior Court. He had the right and opportunity to present further evidence but elected to submit the cause on the transcript of the evidence taken before respondent Commissioner. Petition was denied.

Petitioner does not deny he was afforded a full and complete hearing before the respondent Commissioner.

> "The right to a full hearing before any tribunal does not include the right to challenge or rely on evidence not offered or considered."
>
> *Federal Power Commission, et al. v. Natural Pipe Line, et al.*, 315 U. S. 575.

(b) The federal question was not set up or claimed at the hearing before respondent Commissioner or at the hearing before the Superior Court.

It is a well settled doctrine that if a party intends to invoke, for the protection of his rights, the Constitution of the United States, he must so declare, and that unless he does so declare specially and unmistakably, the United States Supreme Court is without authority to reexamine a final judgment of a State Court.

Whitney v. California, 274 U. S. 357, 71 L. Ed. 1095;

Green Bay & M. Canal Co. v. Patten Paper Co., 172 U. S. 58;

Dewey v. Des Moines, 173 U. S. 193;

Capital Natl. Bank of Lincoln v. First Natl. Bank of Cadiz, 172 U. S. 425.

In order to justify the United States Supreme Court in reviewing the judgment or decree of a State Court, the record must show that the judgment rested upon the disposition of the federal question,

Marsh v. Nichols, 140 U. S. 344, 35 L. Ed. 413;

Citizens Bank v. Board of Liquidation, 98 U. S. 140, 25 L. Ed. 144.

(c) The State Court determined the case without consideration of the federal question.

In reviewing the judgment of a State Court, this Court will consider only such federal questions as shown to have been presented to the State Court and expressly or necessarily decided by it.

It was held in *Oxley Stave Co. v. Butler,* 166 U. S. 648, that where the record failed to show that any

reference was made in the Court of original jurisdiction to the Constitution of the United States, and it could not be inferred from the opinion of the highest Court of the State that that Court of the State was informed by the contention of the parties that any federal right, privilege or immunity was intended to be asserted, and for aught that appeared, the State Court proceeded in its determination of the case without any thought that it was expected to decide a federal question, the United States Supreme Court was without jurisdiction to review the decision of the State Court.

The decision on the federal question was not necessary to a determination of the case. (*Honeyman v. Hanan,* 300 U. S. 14, 18, citing *Lynch v. N. Y. ex rel. Pierson,* 293 U. S. 52, 54, and cases there cited.) *Southwestern Bell Telephone Co. v. Oklahoma,* 303 U. S. 206, 82 Fed. 751.

> "Inasmuch as we conclude that the decision was grounded upon the view that the appellant has not pursued the remedy afforded by state law for the vindication of any constitutional right it claimed was violated, we must dismiss the appeal and deny the certiorari."
>
> *Copperweld Steel Co. v. Industrial Acc. Com. of Ohio,* 324 U. S. 780, 785.

(d) The decision of the State Court turned on a non-federal question.

On appeal from the judgment of the Superior Court dismissing petition for writ of mandate, petitioner

attempted to raise, for the first time, a purported violation of his rights under the Fourteenth Amendment of the Federal Constitution, by a reference thereto in his opening brief.

The District Court of Appeal makes no reference to a federal question in its opinion. On the contrary, the language shows clearly that its decision was based on a non-federal ground.

> "The crux of this case is the failure of the petitioner to establish to the satisfaction of the Commissioner his good reputation as a broker." (p. 494).

(e) Petitioner failed to exhaust remedies available to him in the State Courts.

Having failed to set up or claim that a constitutional right had been violated at the proper time and place, the petitioner failed to exhaust the remedies afforded him at the administrative hearing and in the State Courts.

It is the uniform and unqualified rule of decision in this jurisdiction and elsewhere that the exhaustion of the administrative remedy is a jurisdictional condition precedent to judicial relief of any kind in any form.

This doctrine is not only a matter of policy and statutory interpretation but is grounded upon our State Constitution.

> *Mojave River Irrigation District v. Superior Court*, 202 Cal. 717, 729.

Where the administrative remedy is not invoked within the time, the right to relief is forever barred.

Alexander v. State Personnel Board, 22 Cal. (2d) 198;

Reardon v. City of Daly City, 71 C. A. (2d) 759.

The exhaustion of the administrative process is jurisdictional.

The leading case of *Abelleira v. District Court of Appeal,* 17 Cal. (2d) 280, has finally settled the law on this point. There it was made to appear that the administrative agency threatened, upon an erroneous interpretation of the law, to pay over a portion of a statutory fund to irresponsible persons who had no right or claim to the fund. The respondent Court proposed, by appropriate process, to prevent the loss of the fund. The Supreme Court, however, basing its decision entirely upon the exhaustion doctrine, *prohibited* the proposed action of the respondent Court.

The failure to present evidence or object or request administrative relief is a failure to exhaust the administrative remedy.

Alexander v. State Personnel Board, 22 C. (2d) 198;

Reardon v. City of Daly City, 71 C. A. (2d) 759;

U. S. v. Superior Court, 19 C. (2d) 189;

Federal Communications Com. v. Pottsville Broadcasting Company, 309 U. S. 134, 60 S. Ct. 437, 440.

Administrative remedies must be exhausted before the judicial assistance of the Courts of the state is available.

Alexander v. State Personnel Board, 198 C. (2d) 198;

Abelleira v. District Court of Appeal, 17 C. (2d) 280, 132 A.L.R. 715.

(f) There s no substantial federal question.

It is a well settled principle of law that a state may, in the exercise of its police power, regulate the manner in which business is conducted within its borders; to provide for proof of certain qualifications before issuing a permit to operate the business to be regulated; and to have continued supervision over its licensees to the end that the citizens within the state be protected. The Legislature may provide that under given circumstances such a license may be permanently revoked, or rights acquired by the licensee be suspended for cause.

The Supreme Court of the State of California has repeatedly held that the right to engage in a business or profession is not an absolute right but a creature of statute, subject to control by the Legislature.

In the Matter of An Investigation of the Conduct of the Examination for Admission to Practice Law, 1 Cal. (2d) 61;

Cohen v. Wright, 22 C. 293, 319.

And that the Legislature may delegate to an administrative agency authority to ascertain and determine the existence of facts which constitute the basis for application and enforcement of legislative action. Administrative agencies are charged with the execution of statutory provisions. The Legislature must provide definite standards as a guide to administrative action and to prevent arbitrary action.

Housing Authority v. Dockweiler, 14 C. (2d) 437, 94 Pac. (2d) 794;

Jersey Maid Milk Products Co. v. Brock, 13 C. (2d) 620, 91 Pac. (2d) 577;

Dominguez Land Corporation v. Daugherty, 196 C. 468, 238 Pac. 703.

The Legislature has set forth standards in the Real Estate Act, variously amended since 1917 and added by Stats. of 1943, Chap. 127, as a definite guide to the Real Estate Commissioner in taking any action authorized by the Act.

The Supreme Court further observed that the Court may on a petition for a writ of mandate review the acts and decisions of state-wide administrative agencies

> "under the constitutional power of the Legislature to regulate business carried on within the state, the Legislature has the right to terminate such business conditionally."
>
> *McDonough v. Goodcell,* 13 C. (2d) 741, 91 Pac. (2d) 1035, 123 A.L.R. 1205;
>
> *Drummey v. Board of Funeral Directors,* 13 C. (2d) 75, 87 Pac. (2d) 848.

The enactment of reasonable regulations under the police power results in no deprivation of property without due process of law. It is undoubtedly the right of every citizen to follow any lawful business, subject only to such restrictions as are imposed on all persons who choose to follow such business.

> "* * * there is no arbitrary deprivation of such right where its exercise is not permitted because of a failure to comply with conditions imposed by the state for the protection of society. * * *"
>
> *Dent v. West Virginia,* 129 U. S. 114.

> "The general rule established by the great weight of authority appears to be that a license from the state in the exercise of its police power permitting it to do all that which, without a license would be unlawful, is not a contract and does not convey a vested right."
>
> *Rosenblatt v. State Board of Pharmacy,* 69 C. A. (2d) 69.

To the same effect

> *In the Matter of an Investigation of the Conduct of the Examination for Admission to Practice Law,* 1 C. (2d) 61,

> "A real estate license can be denied if the applicant fails to furnish proof of honesty, truthfulness and good reputation."
>
> *Real Estate Act, Business and Professions Code,* secs. 10150 and 10152.

Certainly if a license may be denied on that ground, it can be suspended for a brief period of time for the same reason.

In *Hall v. Scudder,* 74 C. A. (2d) 433, the Court held that one who holds an unsuspended and unrevoked license which is in force at the time of his application for renewal, is entitled to a renewal as a matter of right. The rights exercised thereunder may be suspended under the police power in order to discipline the licensee for conduct which the Real Estate Commissioner found was inimical to the public welfare.

(g) The question is now moot.

Petitioner at no time ceased to operate as a real estate broker, although under the order of suspension by the respondent Commissioner.

We submit that the record reveals no deprivation of property without due process of law in violation of the Fourteenth Amendment of the United States Constitution and that the petition for writ of certiorari should be denied.

Dated, San Francisco, California,
September 26, 1947.

Respectfully submitted,

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